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YEAR-END REVIEW AND OUTLOOK

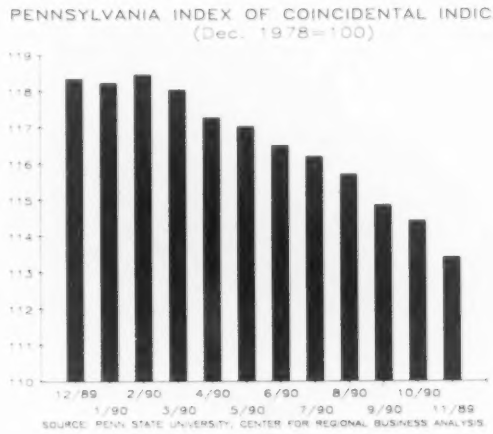
1990 Ushers in Recession; No Rebound Before Mid 1991

The second half of 1990 brought with it an end to several years of nearly continuous economic growth in Pennsylvania. Weakness abounds across a wide range of economic indicators. For sure, the economy's problems mounted as the year progressed. Nonfarm job growth trended down practically nonstop. By December, growth has been reduced to zero (chart). Through the first 11 months of the year, the Pennsylvania Index of Coincidental Indicators (PICI) trended down in each month but February. Clearly, the Commonwealth economy enters 1990 on its shakiest footing in several years.

Though no exact date can be specified, **it is safe to assume that the Pennsylvania economy was in a recession in the fourth quarter of 1990. On the plus side, economic growth during these initial months of the recession was not as weak as average growth during the back-to-back recessions over the 1980-1983 period.** This is true for several indicators, including resident employment, construction contract values, manufacturing output, and the PICI. The lone exception noted is retail sales growth. Growth in each of these five indicators in the fourth quarter was down considerably from that achieved during the 1983-1989 recovery period (chart). In a nutshell, the Pennsylvania economy is in a downturn, but conditions are not yet as weak as in previous bouts with recession.

This recession is national in scope, impacting on all regions and states. It is doubtful that policymakers in Pennsylvania or elsewhere could have implemented policies to shield the Commonwealth or other states from the slump. Likewise, despite claims to the contrary, there are few, if any, short-term, "quick-fix" policies which any state can successfully implement to bring about an end to the current economic

1990 PA NONAGRICULTURAL JOB GROWTH
(percent change from year ago)
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
SOURCE: PA DEPT. OF LABOR AND INDUSTRY; PSU, CTR. FOR REG. BUS. ANALYSIS


PENNSYLVANIA INDEX OF COINCIDENTAL INDICATORS
(Dec. 1978=100)
12/89 1/90 2/90 3/90 4/90 5/90 6/90 7/90 8/90 9/90 10/90 11/89
SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS

Pennsylvania Composite Indexes of Coincidental (PICI) and Leading (PILI) Indicators of economic activity

			Mo. pct. change	
	PICI	PILI	PICI	PILI
December	118.3	115.9	-0.3	0.2
January 1990	118.2	117.3	-0.1	1.2
February	118.5	116.2	0.3	-0.9
March	118.0	116.0	-0.4	-0.2
April	117.3	116.2	-0.6	0.2
May	117.0	116.0	-0.3	-0.2
June	116.5	116.0	-0.4	0.0
July	116.2	115.9	-0.3	-0.1
August	115.7	114.0	-0.4	-1.6
September	114.9	113.4	-0.7	-0.5
October	114.4	113.2	-0.4	-0.2
November	113.4	112.7	-0.9	-0.4
December	n.a.	112.8	n.a.	0.1

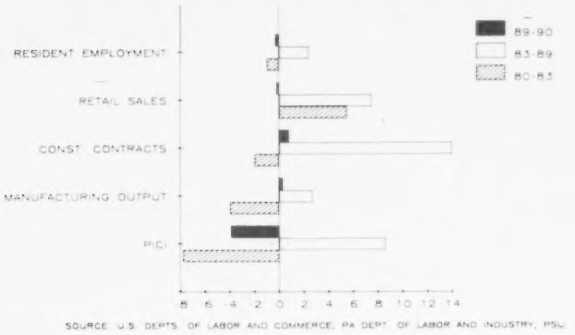
Source: Penn State University, Center for Regional Business Analysis.

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)*		
	1990		1989	1990		1989	1990		1989
	Nov.	Dec.	Dec.	Nov.	Dec.	Dec.	Nov.	Dec.	Dec.
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	5,186*	5,170	5,171	5,138	5,134	5,134	112.5*	112.5	112.5
Service Producing									
No. of wage and salary jobs (thous.)	3,892	3,895	3,867	3,855	3,855	3,827	128.9	128.9	127.9
Transportation and public utilities	257	258	257	254	255	254	97.1	97.4	96.9
Wholesale trade	283	283	282	283	284	283	127.8*	127.9	127.4
Retail trade	917*	926	927	897	894	895	125.1	124.7	124.8
Finance, insurance & real estate	293	294	297	294	294	298	135.2*	135.3	136.8
Service & miscellaneous	1,424	1,419	1,393	1,421	1,421	1,395	164.8*	164.8	161.7
Federal government	139	138	143	139*	138	143	108.6*	108.0	111.7
State & local government	580*	576	563	566	567	554	97.2	97.3	95.0
Goods Producing									
No. of wage and salary jobs (thous.)	1,293*	1,274	1,302	1,283*	1,279	1,307	81.5*	81.3	83.1
Construction	243	232	234	235	235	238	127.7	127.9	129.1
Mining	27	27	28	27	27	28	55.6	55.6	57.5
Manufacturing	1,023*	1,016	1,041	1,022	1,016	1,041	76.1*	75.7	77.6
Durable goods	577*	572	591	576*	572	591	71.2*	70.6	72.9
Nondurable goods	446*	444	450	445	444	450	83.6	83.5	84.5
Ave. wkly. hrs. worked by prod. workers	41.2	41.0	40.8	40.7	40.6	40.3	103.0	102.6	102.0
Total wkly. person-hours worked (mils.)	29.1	28.7	29.3	28.7	28.4	29.0	74.7	73.9	75.5
Total wkly. payroll (mil. dols.)	325.7	323.2	317.9	320.6	317.5	312.0	142.7	141.3	138.9
Average hourly earnings (dollars)	11.20	11.25	10.84	11.17	11.19	10.78	190.9*	191.4	184.2
Average weekly earnings (dollars)	461.44	461.25	442.27	453.64	452.21	433.44	196.1*	195.5	187.4
Steel production (thous. tons)	992	889	808	n.a.	n.a.	n.a.	50.7	46.1	42.1
Industrial electric power sales (mil. kwh)	3,655	3,587	3,724	3,799	3,648	3,824	102.9	98.8	103.6
Mining									
Anthracite coal (thous. net tons)	310	183	291	267	191	299	54.6	39.0	61.1
Bituminous coal (thous. net tons)	6,065	4,485	4,967	6,220	5,104	5,802	88.2	72.4	82.3
Construction contracts awarded (mil. dols.)									
Total	968.7	558.5	792.9*	1139.4	662.3	858.7*	354.2	205.9	266.9*
Residential building	270.9	246.2	233.7*	291.0	324.8	292.6*	206.8	230.8	207.9*
Nonresidential building	305.5	198.7	319.2*	275.4	233.8	371.8*	253.8	215.5	342.7*
Nonbuilding (utilities and public works)	392.3	113.6	240.0*	573.0	103.7	194.3*	790.5	143.1	268.1*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,563	5,567	5,567	5,555	5,572	5,572	115.6	116.0	116.0
Unemployed									
No. of persons (thous.)	347	324	288	360	344	308	89.9	85.7	76.9
Rate (percentage of labor force)	5.9	5.5	4.9						
Rate, seasonally adjusted				6.0	5.8	5.2			
Civilian labor force, no. of persons (thous.)	5,911	5,891	5,855	5,915	5,916	5,881	113.6	113.6	112.9
Initial claims for unemployment benefits	120,995	155,811	141,203	117,630	107,520	99,813	82.2	75.1	69.7

Consumer Prices, all items	Urban Indexes (1982-84 = 100)			Percentage Change	
	1990		1989	Month Ago	Year Ago
	Nov.	Dec.	Dec.		
U.S. city average	133.8	133.8	126.1	0.0	6.1
Philadelphia	139.1	139.4	129.9	0.2	7.3
Pittsburgh	n.a.	129.1	121.8	n.a.	6.0

[1] Total includes workers on strike. * = figure revised n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

RECENT AND HISTORICAL TRENDS IN SELECTED PENNSYLVANIA ECONOMIC INDICATORS
(89:IVQ-90:IVQ, 83-89 average, and 80-83 average annual percent changes)



SOURCE: U.S. DEPTS. OF LABOR AND COMMERCE; PA DEPT. OF LABOR AND INDUSTRY; PSU.

New Pennsylvania building permit authorizations (percent change from year ago)

	Dec.	Pct. chg.	Year-to-date	Pct. chg.
Residential	1,615	– 38.1	35,980	– 23.1
Nonresidential	713	6.7	20,389	– 4.7

Source: U.S. Dept. of Commerce, Bureau of the Census.

PA metropolitan county bldg. permit authorizations (percent change from year ago; only those counties shown are asked to report all permitted activity)

	1990: IVQ	Pct. chg.	Year-to-date	Pct. chg.
Residential units				
Allentown-Beth. MSA	338	– 29.3	1,927	– 20.6
Carbon	25	– 58.3	160	– 37.5
Lehigh	173	– 12.2	791	– 30.7
Northampton	140	– 36.7	976	– 5.3
Beaver County MSA	79	9.7	476	10.4
Philadelphia MSA	1,629	– 32.0	8,044	– 29.6
Bucks	441	– 29.2	2,236	– 25.8
Chester	287	– 52.4	1,807	– 43.0
Delaware	143	– 49.1	660	– 40.1
Montgomery	499	– 36.7	2,594	– 26.8
Philadelphia	259	156.4	747	24.5
Pittsburgh MSA	736	– 35.8	4,026	– 13.7
Allegheny	404	– 48.8	2,101	– 26.5
Fayette	42	– 12.5	304	9.4
Washington	106	– 15.2	602	9.1
Westmoreland	184	– 0.5	1,019	4.3
Adams County	118	– 30.6	654	– 7.2
Nonres. buildings				
Allentown-Beth. MSA	278	1.5	1,817	– 2.3
Carbon	21	5.0	157	40.2
Lehigh	126	26.0	737	– 10.4
Northampton	131	– 14.9	923	– 0.1
Beaver County MSA	57	– 3.4	341	10.4
Philadelphia MSA	846	– 12.0	4,663	– 5.8
Bucks	245	– 23.2	1,497	– 3.9
Chester	238	16.7	1,133	– 5.5
Delaware	100	– 13.0	564	1.1
Montgomery	233	– 18.0	1,321	– 10.4
Philadelphia	30	– 23.1	148	– 8.1
Pittsburgh MSA	331	– 16.2	2,196	– 5.9
Allegheny	134	– 34.0	1,041	– 10.9
Fayette	24	9.1	226	– 5.4
Washington	72	0.0	382	– 6.8
Westmoreland	101	3.1	547	6.0
Adams County	54	42.1	245	– 10.9

Source: U.S. Dept. of Commerce, Bureau of the Census; PSU, Ctr. for Reg. Bus. Analysis.

malaise. Successful state-level economic development policies, often in the areas of education and infrastructure development, tend to be much more long-term in focus.

Last year's forecast was pretty much on the mark, though the severity of the downturn proved to be somewhat surprising. The forecast called for sluggish, though still positive, growth. That forecast held through the first several months of the year before developments in the Persian Gulf helped plunge the economy into recession. Still, it must be stressed that the economy showed considerable signs of strain before this scenario unfolded. **As forecast last year, there is considerable weakness on the employment/unemployment front, indicators of the factory sector's health point down, retail activity is questionable, and the construction sector is beset with difficulties.**

As an aside, considerable caution should be exercised in couching the current hostilities in the Middle East in economic terms. Numerous economists have felt it necessary to discuss the economic impacts of the war, analyzing it in terms of its potential to wreak havoc on financial and commodities markets (though just the opposite has happened during the war's early days), consumer spending and confidence, and the federal budget, to name just a few topics of recent interest. Indeed, the Persian Gulf situation has been the subject of some discussion, albeit in a limited sense, in previous issues of the *PBS*. How the war unfolds will perhaps prove to be the major determinant of the economy's future course. However, these economic implications pale in comparison with other (human) costs. As such, it is felt that any discussion of the economic costs of the war should be offered with this major qualification in mind.

Perhaps the most noticeable development in the recession's early months has been the strain on state budgets, not only in Pennsylvania, but throughout the U.S. In the Commonwealth, revenue collections growth has slowed in recent months, both relative to previous trends and relative to expectations. A recent report by the Pennsylvania Department of Revenue suggests that sales and use tax collections are 3.6 percent below estimates for the first half of the current fiscal year. Additionally, the growth in sales and use tax collections over the same period, at 1.5 percent, is down from a 2.3 percent annual gain during the first six months of the 1989/1990 fiscal year.

Historically, national economic recoveries are often led by the construction industry in response to lower borrowing costs. Unfortunately, 1990 brought with it the weakest showing on this front in several years in Pennsylvania, with no pronounced improvement in sight. **For the year, preliminary estimates suggest that 23 percent fewer new housing units have been authorized by permit.** This represents the third consecutive decline and the steepest drop in a decade. That weakness appears widespread as the State's largest metropolitan areas report downturns in permit activity. **On the nonresidential side, permit activity is also down — by 4.7 percent, Statewide.** Again, weakness, at first glance, appears to be fairly widespread.

Another widely-followed indicator of construction trends, the value of construction contract awards, also points down.

Annual Review of Major Economic Indicators — Pennsylvania and the United States

	Pennsylvania				United States	
	Mo. Ave.		Pct. change from		Pct. change from	
	1990	1989	1989	1983	1989	1983
No. of wage and salary jobs (thous.)						
All nonfarm industries	5,137	5,119	0.4	1.8	1.8	2.9
Goods producing	1,291	1,312	– 1.6	– 0.1	– 1.3	1.0
Mining	27	27	0.0	– 5.1	– 3.9	– 4.8
Construction	235	235	0.0	5.1	0.1	4.0
Manufacturing	1,029	1,050	– 2.0	– 0.9	– 1.9	0.5
Durable goods	583	600	– 2.8	– 0.9	– 2.6	0.5
Primary metals	90	91	– 1.1	– 4.0	– 2.5	– 1.4
Nondurable goods	446	450	– 0.9	– 0.9	– 0.8	0.4
Service producing	3,844	3,803	1.1	2.5	2.7	3.5
Transportation and public utilities	254	254	0.0	0.8	3.4	2.4
Wholesale trade	282	280	0.7	2.3	1.6	2.7
Retail trade	896	896	0.0	2.5	1.1	3.4
Finance, insurance, and real estate	296	296	0.0	2.9	1.6	3.2
Services and miscellaneous	1,410	1,379	2.2	4.0	4.1	5.3
Federal government	144	143	0.7	1.1	3.0	1.5
State and local government	561	554	1.3	0.5	2.9	2.2
Ave. wkly. hours worked by production workers						
All manufacturing industries	40.7	40.9	– 0.5	0.5	– 0.5	0.2
Durable goods	41.9	42.1	– 0.5	0.6	– 0.5	0.2
Primary metals	43.2	43.3	– 0.2	1.3	– 0.7	0.8
Nondurable goods	39.1	39.4	– 0.8	0.4	– 0.2	0.3
Total factory person-hours worked (mils.)	28.9	29.7	– 2.7	– 0.1	– 2.9	0.7
Total factory payrolls (mil. dols.)	318.7	316.7	0.6	2.8	0.4	3.7
Average factory hourly earnings (dollars)	11.04	10.66	3.6	3.0	3.3	3.0
Average factory weekly earnings (dollars)	448.86	435.99	3.0	3.6	2.7	3.2
Steel production (thous. tons)	1,004	989	1.5	– 1.1	0.1	2.1
Industrial electric power sales (mil. kwh)	3,797	3,794	0.1	1.7	1.1	2.7
Mining						
Anthracite coal (thous. net tons)[1]	260	285	– 8.8	– 3.8		
Bituminous coal (thous. net tons)	5,894	5,750	2.5	1.1	6.0	4.2
Construction contracts awarded						
Total, current dollars (mils.)	811.2	902.6	– 10.1	10.2	– 11.3	3.1
Residential building	290.7	361.3	– 19.5	6.5	– 14.3	1.7
Nonresidential building	324.0	337.1	– 3.9	12.2	– 13.0	4.7
Nonbuilding (utilities and public works)	196.6	204.3	– 3.8	13.6	– 0.6	3.7
Total, constant 1987 dollars (mils.)2	736.1	835.7	– 11.9	6.8	– 13.1	0.0
Residential building	263.8	334.5	– 21.1	3.3	– 16.0	– 1.4
Nonresidential building	294.0	312.1	– 5.8	8.8	– 14.7	1.5
Nonbuilding	178.4	189.2	– 5.7	10.1	– 2.5	0.6
Employed, no. of persons (thous.)	5,583	5,592	– 0.2	2.0	0.5	2.3
Unemployed						
No. of persons (thous.)	318	264	20.5	– 9.7	5.3	– 6.1
Rate (percentage of labor force)	5.4	4.5				
Civilian labor force, no. of persons (thous.)	5,901	5,857	0.8	1.0	0.7	1.6
Initial claims for unemployment benefits (thous.)	103	91	13.2	– 5.8		
Consumer Price Index for All Urban Consumers, all items (1982-84 = 100)						
U.S. city average					5.4	4.0
Philadelphia	135.8	128.3	5.8	4.6		
Pittsburgh	126.2	120.1	5.1	3.2		

NOTES: All data are preliminary and are subject to revision.
[1]Pennsylvania is the only state mining Anthracite coal.
[2]Deflated by an estimated annual average of the U.S. Department of Commerce Monthly Implicit Price Deflator.

Values are down more than 10 percent for the year, even before adjustment for inflation. Over the 1983-1990 period, growth averaged more than 10 percent on an annual basis. Softness is widespread as residential, nonresidential and nonbuilding contract valuations are down.

Another engine of growth in recent years, the consumer, also retreated to the sidelines in 1990. **Through the first 11 months of the year, retail sales growth comes in at a minimal 1 percent. Not surprisingly, weakness is concentrated in big-ticket items.** Sales of building materials are off 4.1 percent for the year in response to the downturn in construction. Sales at auto dealerships are off more than 3 percent. There are, however, some faint signs of firming in the auto sector. 1990's sales decline comes on the heels of a more pronounced 5.3 percent drop in 1989. In fact, in both October and November, auto dealer sales have been slightly higher than year-ago readings. Furthermore, new vehicle registrations in those same two months have risen above those from a year ago. However, this is not likely the start of a sustainable reversal of recent trends.

Total retail sales have been below year-ago readings three times in the past six months. During the October-November period, sales are off 0.2 percent from the same two months in 1989. This comes on the heels of a 7.5 percent average annual gain during the 1983-1989 period. Furthermore, this recent performance is also quite worrisome relative to trends in the early 1980s when sales growth, despite the recessions, averaged 5.5 percent. However, differences in underlying inflation rates surely account for some of the differences in retail sales growth between the two recessionary periods. There is little good news on the retail sales front in either of the State's two largest metro areas, Philadelphia and Pittsburgh/Beaver County, especially in the latter.

Despite talk of its demise, the manufacturing sector remains a major player in the Pennsylvania economy. Indeed, time and time again, these industries show that their health is a significant determinant of the overall economy's health. Recent trends in these industries have not been especially encouraging. For all of 1990, 21,000 jobs have disappeared from payrolls in these establishments. Durable goods industries account for four-fifths of 1990's job losses. Each of the nine durable goods industries show a reduction in job levels in 1990. The largest absolute decline comes in the electronic equipment industry where job totals are down by nearly 5,000 for the year.

Several other measures of the factory sector's health also point to some softness. The average workweek is down, as is total production hours worked. Earnings growth on the part of manufacturing workers is not keeping pace with inflation. Of special importance is production trends. For the year, production is off more than 1 percent based upon trends in CRBA's Pennsylvania Manufacturing Activity Index. Though unimpressive, this does fall well short of the 4 percent average annual decline recorded in the early 1980s. Despite the drop in overall factory output, steel production is up 1.5 percent over 1989 levels.

The most widely-tracked indicators of economic growth and activity, job and labor force trends, round out a rather dismal review of the 1990 economy in Pennsylvania. Jobless rates during the final months of 1990 prove

Pennsylvania retail sales
(millions of dollars; pct. chg. from year ago)

	November	Pct. chg.	Year-to-date	Pct. chg.
Total	7,155	– 1.2	74,434	1.0
Durables	2,217	– 3.2	25,805	– 3.0
Bldg. mat.	235	– 18.1	3,043	– 4.1
Auto dlrs.	1,211	1.3	15,416	– 3.4
Furniture	344	*1.5	3,402	2.7
Other	427	– 8.8	3,944	– 5.1
Nondurables	4,938	– 0.2	48,629	3.2
Gen. mdse.	1,036	– 3.3	7,708	1.5
Food/grocery	1,496	6.3	15,543	3.6
Gas	487	20.2	4,651	8.0
Apparel	410	– 7.9	3,675	0.0
Eat/drink	712	– 9.3	8,725	0.9
Drugs	267	0.0	2,841	0.7
Other	530	– 6.9	5,486	8.0

Seas. adj. total: November 6,972
October 6,929

Source: Tot./Dur./Nondur.-U.S. Dept. of Commerce, Bur. of the Census.
Seas. adj. total-PSU, Ctr. for Reg. Bus. Analysis.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

New Pennsylvania motor vehicle registrations
(percent change from year ago)

	Total registrations	Pct. change
November	43,430	12.8
1990 YTD	565,273	– 7.9
12-month total	617,272	– 8.9

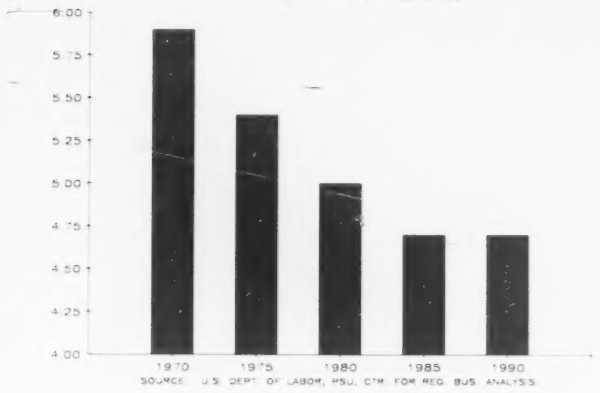
Source: R.L. Polk & Co.

Philadelphia and Pittsburgh metropolitan area retail sales
(millions of dollars; pct. chg. from year ago; data through Nov.)

	Philadelphia		Pittsburgh	
	Year-to-date	Pct. chg.	Year-to-date	Pct. chg.
Total	31,632	3.7	12,845	– 2.5
Durables	11,189	1.2	4,082	– 6.2
Bldg. mat.	1,242	– 13.0	533	6.8
Auto dlrs.	6,530	5.9	2,192	– 13.0
Furniture	1,730	18.9	484	– 0.4
Other	1,687	– 16.0	873	3.3
Nondurables	20,443	5.2	8,763	– 0.7
Gen. mdse.	3,026	– 0.5	1,636	0.9
Food/grocery	6,711	4.0	2,295	8.9
Gas	1,641	6.3	997	10.8
Apparel	1,815	– 0.2	751	0.4
Eat/drink	3,481	8.7	1,587	– 12.8
Drugs	1,356	7.5	799	– 11.4
Other	2,413	14.1	698	– 3.3

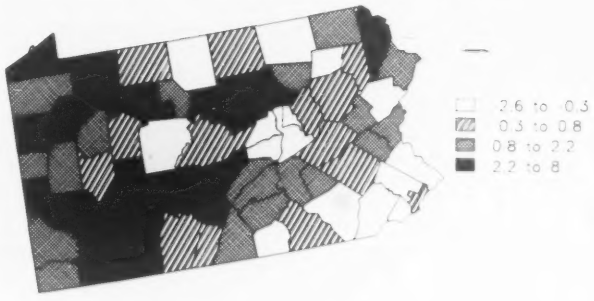
Source: U.S. Dept. of Commerce, Bur. of the Census.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

PA RESIDENT EMPLOYMENT AS A SHARE OF THE U.S.
(percent)



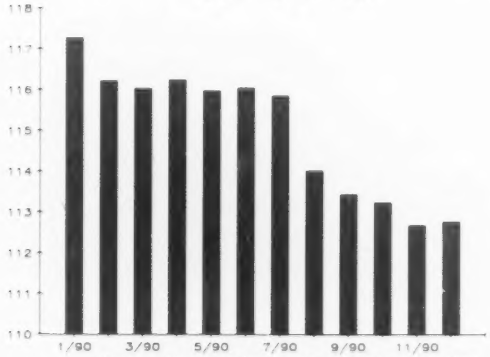
SOURCE: U.S. DEPT. OF LABOR; PSU, CTR. FOR REG. BUS. ANALYSIS.

CHANGE IN RESIDENT EMPLOYMENT
GROWTH BY COUNTY
(pct. points; 89:IVQ-90:IVQ growth minus 80-83 growth)



SOURCE: PA DEPT. OF LABOR AND INDUSTRY; PSU, CTR. FOR REG. BUS. ANALYSIS.

PENNSYLVANIA INDEX OF LEADING INDICATORS
(Dec. 1978=100)



SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS.

1990:IVQ county employment
(pct. and pct. pt. changes are from year-ago quarter)

	Empl. (thous.)	Ann. pct. chg.	Unemp. Rate (pct.)	Ann. pct. pt. chg.*
Adams	37.6	-1.1	4.7	0.8
Allegheny	632.5	0.2	4.4	0.4
Armstrong	26.0	-2.3	8.8	1.5
Beaver	54.3	-1.3	7.9	0.9
Bedford	19.5	0.0	10.0	2.0
Berks	170.6	-0.4	5.4	1.2
Blair	56.4	1.6	8.0	1.0
Bradford	29.0	-1.7	5.9	0.7
Bucks	285.7	-0.8	4.5	1.0
Butler	69.6	-1.3	5.8	0.6
Cambria	58.5	0.7	8.4	0.6
Cameron	2.6	0.0	7.1	-0.6
Carbon	23.4	-0.4	7.7	-0.3
Centre	64.3	1.3	5.8	0.2
Chester	193.0	-0.8	3.5	1.0
Clarion	16.8	-1.2	8.8	1.1
Clearfield	31.2	-1.6	10.1	0.7
Clinton	14.0	-2.1	11.3	3.4
Columbia	29.8	0.0	6.9	0.7
Crawford	35.9	-1.4	7.6	1.4
Cumberland	107.7	1.7	4.0	0.7
Dauphin	131.3	1.7	4.9	0.0
Delaware	278.7	-0.8	4.0	0.9
Elk	16.3	1.2	7.3	1.5
Erie	127.6	1.6	5.7	0.2
Fayette	54.6	0.2	7.9	0.2
Forest	1.7	0.0	10.8	2.2
Franklin	55.6	-2.1	5.9	1.9
Fulton	5.8	-1.7	10.2	3.4
Greene	11.8	0.0	9.0	0.9
Huntingdon	17.5	1.2	10.7	1.6
Indiana	31.6	-1.2	9.0	0.7
Jefferson	18.3	-1.1	7.6	1.1
Juniata	9.4	0.0	9.5	0.7
Lackawanna	103.2	-0.1	6.9	1.0
Lancaster	213.1	-0.8	4.9	0.9
Lawrence	45.6	0.4	5.8	0.6
Lebanon	62.4	1.8	4.9	0.7
Lehigh	140.6	-0.5	5.5	0.7
Luzerne	150.0	-0.1	7.7	1.3
Lycoming	57.2	0.9	7.7	1.4
McKean	19.2	-3.0	6.9	1.0
Mercer	49.9	3.1	5.3	0.5
Mifflin	20.5	0.0	8.0	0.2
Monroe	46.6	-0.2	7.9	3.0
Montgomery	373.1	-0.8	4.0	1.0
Montour	7.7	-1.3	5.6	0.2
Northampton	110.1	-0.5	6.1	1.5
Northumberland	45.0	-1.5	8.8	0.8
Perry	20.2	1.5	6.2	0.6
Philadelphia	685.5	-0.8	6.7	1.5
Pike	12.2	3.4	6.3	1.2
Potter	7.1	-1.4	7.6	0.8
Schuylkill	67.7	-1.0	8.6	1.6
Snyder	17.9	-1.6	9.8	3.0
Somerset	29.7	0.3	7.5	0.4
Sullivan	3.0	3.4	6.2	0.9
Susquehanna	17.1	1.8	7.9	1.4
Tioga	17.4	-1.7	7.5	1.1
Union	16.1	-1.8	6.1	1.7
Venango	23.0	-0.9	6.3	0.8
Warren	21.3	0.9	4.4	-0.3
Washington	88.5	0.2	6.1	1.3
Wayne	18.8	3.3	8.0	1.9
Westmoreland	166.1	0.2	6.0	0.3
Wyoming	12.6	0.0	6.8	0.8
York	173.4	-1.1	5.3	0.9

Source: PA Dept. of Labor and Industry;
PSU, Ctr. for Reg. Bus. Analysis.
*Current rate minus year-ago rate.

to be the highest in approximately four years. For the year as a whole, the jobless rate, at 5.4 percent comes in nearly one full percentage point higher than in 1989. In absolute terms, those Pennsylvania residents officially listed as without a job in 1990 are up by more than 50,000 from a year ago.

The uptick in joblessness is apparent across the Commonwealth. In the fourth quarter, all but 3 of Pennsylvania's 67 counties are home to higher unemployment rates than a year ago. Six counties maintain double-digit jobless rates.

The news certainly is not much better on the employment front. 1990 resulted in the first, albeit slight, decline in resident employment since 1983. In the fourth quarter, the employment decline worked out to −0.3 percent. This represents a considerable dropoff from the 2.4 percent average gain over the previous six years. Pennsylvania's employment showing in recent decades has not lived up to national norms. As a result, the share of U.S. employment accounted for by Pennsylvania has declined considerably, though there were signs of a more stable pattern in the latter half of the 1980s (chart).

Signs of weakness on the employment front abound across the Commonwealth. Of the 67 counties in Pennsylvania, 36 report lower employment readings during the final three months of 1990 relative to the same period in 1989. On a more positive note, employment trends during the early months of this recession do not appear to be quite as worrisome as in the early 1980s. Statewide, fourth quarter employment growth represents a 0.8 percentage point improvement over the 1 percent annual decline averaged during the previous recessions in the 1980-1983 period. Most counties in western Pennsylvania report "growth differentials" in excess of this Statewide average. Specifically, during the fourth quarter, these counties maintained employment growth rates which improved upon earlier trends by at least 0.8 percentage point. In some cases, recent employment growth comes in as much as 8 percentage points higher than in the early 1980s. Just the opposite is true in the eastern portion of the Commonwealth where growth differentials come in well below the 0.8 percent Statewide average. In fact, 19 counties, nearly all of them in eastern Pennsylvania, maintain employment growth rates below that averaged in previous bouts with recession.

Industry-specific job trends have already been examined for the manufacturing sector. Signs of weakness in 1990 job trends are evident in practically every other industry examined. **The once-thriving service producing industries each report considerably slower job growth. For the year, jobs in these industries are up 1.1 percent, considerably below the 2.5 percent rate of expansion averaged over the 1983-1990 period.** Within the broad service-producing sector, retail trade job levels held steady after several years of uninterrupted growth while job growth in services, proper, is only about one-half the rate of growth in previous years. **Given the sluggish state of retail activity in Pennsylvania, the sub-par employment showing on the part of retail establishments during the holiday shopping season is not all that surprising. December job levels in these establishments were actually down by a seasonally adjusted 3,000 from November totals.** All told, nonfarm job growth comes in at 0.4 percent in Pennsylvania. This is down considerably from growth in previous years and also comes up well short of the 1.8 percent expansion recorded nationwide.

Current evidence is not strong enough to suggest any imminent rebound. The trend in the Pennsylvania Index of Leading Indicators points noticably down, despite a minimal uptick in December (chart). There are simply no signs of strength to be found anywhere in the entire batch of economic indicators. This, taken in the context of a weak national economy, does not portend well for the Pennsylvania economy.

The current consensus is for the U.S. economy to begin showing signs of life near mid year. The belief is that current Federal Reserve efforts to prop up the economy through relative ease in its set of monetary policies will begin showing some results by then. The consensus appears to be that U.S. economic growth will come in at a weak 1 percent, at best, in 1991, with a rebound in the second half offsetting weakness in the first. However, such an outcome is perhaps most appropriately viewed as a best case scenario. There are no guarantees that the construction/real estate sector will respond in a typical fashion to lower interest rates. The household and business sectors of the economy remain weighted under a heavy debt burden, potentially limiting their contribution to any unfolding rebound. The economy's savior is expected to be export activity although, even here, the outlook is uncertain and depends heavily on developments on the international front. Simply put, a recession considerably longer and more severe than is called for by current expectations cannot be ruled out. Even if the consensus forecast of a mid year turnaround is on the mark, the strength of the subsequent recovery is expected to fall well short of the recovery which followed the recessions in the early 1980s.

1991 will bring with it, at best, minimal relief from recent sluggish trends in Pennsylvania. No sectors, industries, or regions appear capable of generating enough momentum to push the economy forward onto a higher growth track. Specifically, the following trends are expected to characterize the 1991 economy in the Commonwealth:

- **At least for the first several months of the year, employment trends will remain worrisome. Even if there is a second half turnaround, the economy will struggle to maintain current employment levels. The end result will be continued upward pressure on joblessness, with the unemployment rate likely to average in excess of 6 percent. If the recession lingers on longer than expected, a 7 percent rate by year-end is not out of the question. This gloomy unemployment outlook is consistent with recent trends in initial claims for unemployment insurance which spiked by more than 13 percent in 1990. Typically, changes of that magnitude tend to be followed by rising joblessness in ensuing months.**
- **Construction activity will continue to trend downward, though a repeat of 1990's plunge is not expected, barring any unforeseen developments. An economic recovery, coming along with relatively low borrowing costs and coming after an extended period of fairly stable housing prices, if not outright depreciation, should help the housing industry,**

perhaps as early as this summer. (However, as outlined above, this is far from a given.) Even so, a repeat of the strong trends in the industry in the mid 1980s is not likely. In a nutshell, the situation is expected to fall somewhere in between boom and bust, but closer to the latter rather than the former.

— Look for a repeat of 1990's performance on the retail sales front. It is quite unlikely that those gains which are recorded will be strong enough to outpace expected price gains in the neighborhood of 4 percent.

— Manufacturing will continue to feel the brunt of the economy's weakness. Production is likely to continue to trend down with job levels following suit. Some analysts claim that this recession is likely to be concentrated in the service producing sector. Such an argument, however, appears to fly in the face of recent trends, at least in Pennsylvania. The goods producing sector accounts for all of the job losses in the economy to date. The service producing sector is barely adding jobs to payrolls. Still, the sector as a whole is generating a small number of positions. These differing patterns across the goods and service producing sectors are expected to continue for several more months. Likewise, some argue that this is a "white-collar" recession, heavily impacting management ranks. While this may be true relative to previous downturns, the bulk of the hardship is still likely to fall on "blue-collar" workers, especially on the production side.

The outlook for the Pennsylvania economy is best described as cloudy, but it is not bleak. Conditions will eventually improve. Keep in mind that the average length of recessions since World War II has been 11 months. Assuming something similar this time around, the Pennsylvania economy will likely fare quite better than in the early 1980s.

— *William D. Anderson*

Around the State

Northeastern Quarter

Allentown-Bethlehem

Economic conditions in the Allentown-Bethlehem region during 1990 are perhaps best described as "lackluster." Weakness abounds across a wide range of economic indicators. At best, some measures of the economy's health point to a slowdown in overall growth. Others, however, especially those that relate to the goods producing sector, point to an actual decline in activity. Clearly, several years of (uneven) economic recovery in northeastern Pennsylvania have come to an end as the national recession has taken hold in the region.

The reversal in the economy's fortunes is especially apparent in recent construction-related trends, most notably on the residential side. For 1990 as a whole, 21 percent fewer new housing units have been authorized by permit in the three Pennsylvania counties included in the metropolitan area. This represents the third consecutive annual decline in the 20-30 percent range. Declines are especially pronounced in Carbon and Lehigh Counties. The value of residential construction contract awards is down nearly one-third from 1989 readings. The news is a bit more encouraging on the nonresidential side. The number of projects authorized by permit is essentially unchanged from a year ago while contract valuations are up 40 percent.

On the jobs front, building-related job totals are off by 600 in 1990, settling in at 13,000. This is the lowest reading since 1986. Elsewhere in the goods producing sector, factory jobs are off 1.6 percent from 1989 totals. On the plus side, the

Allentown-Bethlehem Area[1]

	Ave. mo. value 4 Q '90	Average monthly index seas. adj. (1977 = 100) 4 Q '90	3 Q '90	4 Q '89
Employment *(in thousands)*				
Employed, no. of residents	311.7	114	113	114
Unemployed, no. of residents	19.5	99	86	84
Rate, seasonally adjusted	6.0			
Civilian labor force, no. of residents	331.1	113	111	112
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	284.8	110	110	110
Srv. Prod. only, no. of jobs	196.9	140	139	139
Goods Prod. only, no. of jobs	87.9	75	75	76
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	104	104	104
Industrial electric power sales				
Metropolitan area	***	101	103	107
Allentown	***	91	94	94
Bethlehem	***	107	107	116
Easton	***	111	112	114
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	225.6	−30		
Nonresidential contracts only	259.8	+40		

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

	Allentown-Bethlehem			Altoona			Beaver		
	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90
Local Industries									
No. of wage and salary jobs (thous.)									
All nonfarm industries	282.4	281.4	0.4	52.9	52.1	1.5	49.6	49.4	0.4
Goods producing	88.1	89.9	-2.0	12.7	12.8	-0.8	11.4	11.6	-1.7
Manufacturing	74.5	75.7	-1.6	10.1	10.3	-1.9	9.0	9.1	-1.1
Durable goods	34.9	35.6	-2.0	3.8	3.9	-2.6	6.7	6.9	-2.9
Nondurable goods	39.6	40.1	-1.2	6.4	6.5	-1.5	2.3	2.2	4.5
Service producing	194.2	191.4	1.5	40.2	39.2	2.6	38.2	37.8	1.1
Ave. wkly. hours worked by production workers									
Manufacturing	39.7	40.0	-0.7	39.0	39.8	-2.0	42.8	43.6	-1.8
Durable goods	41.8	41.9	-0.2	40.9	42.6	-4.0	43.1	44.0	-2.0
Nondurable goods	38.1	38.6	-1.3	37.8	38.1	-0.8	41.5	41.8	-0.7
Industrial electric power sales index (1977 = 100)	102.7	109.9	-6.6	79.0	76.6	3.1			
Employment of Residents									
Employed, no. of persons (thous.)	312.6	314.3	-0.5	57.0	56.2	1.4	54.6	55.1	-0.9
Unemployed									
No. of persons (thous.)	18.4	14.4	27.8	4.5	3.7	21.6	4.6	4.3	7.0
Rate (percentage of labor force)	5.6	4.4		7.3	6.2		7.8	7.2	
Civilian labor force, no. of persons (thous.)	331.1	328.7	0.7	61.4	60.0	2.3	59.2	59.4	-0.3

	Erie			Harrisburg-Lebanon-Carlisle			Johnstown		
	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90
Local Industries									
No. of wage and salary jobs (thous.)1									
All nonfarm industries	119.8	117.3	2.1	318.4	310.7	2.5	80.9	80.2	0.9
Goods producing	40.6	39.5	2.8	66.3	66.2	0.2	20.1	19.9	1.0
Manufacturing	36.6	35.9	1.9	50.7	51.7	-1.9	14.7	14.4	2.1
Durable goods	25.5	25.0	2.0	22.9	23.8	-3.8	9.0	8.8	2.3
Nondurable goods	11.2	10.9	2.8	27.8	28.0	-0.7	5.7	5.6	1.8
Service producing	79.2	77.7	1.9	252.1	244.3	3.2	60.8	60.1	1.2
Ave. wkly. hours worked by production workers									
Manufacturing	43.4	43.1	0.7	40.7	41.1	-1.0	38.1	39.0	-2.3
Durable goods	42.9	42.9	0.0	40.6	41.0	-1.0	39.9	41.1	-2.9
Nondurable goods	44.6	43.6	2.3	39.6	39.9	-0.8	35.4	35.6	-0.6
Industrial electric power sales index (1977 = 100)	115.4	113.5	1.7	77.8	81.4	-4.4	162.8	156.5	4.0
Employment of Residents									
Employed, no. of persons (thous.)	127.2	126.0	1.0	323.2	318.8	1.4	88.6	88.6	0.0
Unemployed									
No. of persons (thous.)	7.4	6.7	10.4	14.7	12.4	18.5	7.5	6.8	10.3
Rate (percentage of labor force)	5.5	5.1		4.4	3.8		7.8	7.1	
Civilian labor force, no. of persons (thous.)	134.6	132.7	1.4	337.9	331.2	2.0	96.0	95.4	0.6

NOTE: All 1990 data are preliminary and are subject to revision.
All data are average of monthly figures.

	Lancaster			Philadelphia			Pittsburgh		
	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90
Local Industries									
No. of wage and salary jobs (thous.)									
All nonfarm industries	189.5	188.7	0.4	2,201.0	2,197.4	0.2	911.9	896.7	1.7
Goods producing	70.1	71.5	-2.0	457.9	469.7	-2.5	168.3	169.8	-0.9
Manufacturing	57.3	59.1	-3.0	355.1	364.9	-2.7	123.0	123.5	-0.4
Durable goods	32.5	34.4	-5.5	187.0	191.5	-2.3	86.7	87.4	-0.8
Nondurable goods	24.9	24.8	0.4	168.1	173.5	-3.1	36.3	36.0	0.8
Service producing	119.3	116.9	2.1	1,742.1	1,726.4	0.9	743.0	726.4	2.3
Ave. wkly. hours worked by production workers									
Manufacturing	40.1	40.6	-1.2	40.5	40.6	-0.2	41.9	41.9	0.0
Durable goods	40.8	41.2	-1.0	41.4	41.8	-1.0	43.0	43.0	0.0
Nondurable goods	39.3	39.9	-1.5	39.4	39.3	0.3	39.3	39.1	0.5
Industrial electric power sales index (1977 = 100)	143.4	142.8	0.4	111.3	112.2	-0.8	63.7	62.5	1.9
Employment of Residents									
Employed, no. of persons (thous.)	215.2	216.3	-0.5	2,318.4	2,335.9	-0.7	943.3	936.7	0.7
Unemployed									
No. of persons (thous.)	9.3	7.4	25.7	113.5	92.4	22.8	47.8	44.8	6.7
Rate (percentage of labor force)	4.2	3.3		4.7	3.8		4.8	4.6	
Civilian labor force, no. of persons (thous.)	224.5	223.6	0.4	2,429.1	2,428.3	0.0	991.1	981.5	1.0

	Reading			Scranton-Wilkes-Barre			Sharon		
	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90
Local Industries									
No. of wage and salary jobs (thous.)									
All nonfarm industries	156.4	154.8	1.0	308.7	305.5	1.0	44.0	43.2	1.9
Goods producing	54.2	55.7	-2.7	85.1	86.2	-1.3	13.1	12.9	1.6
Manufacturing	46.5	48.4	-3.9	69.8	71.0	-1.7	11.6	11.5	0.9
Durable goods	28.7	29.9	-4.0	28.1	28.5	-1.4	10.1	10.0	1.0
Nondurable goods	17.8	18.5	-3.8	41.7	42.5	-1.9	1.5	1.5	0.0
Service producing	102.2	99.1	3.1	223.5	219.2	2.0	30.9	30.3	2.0
Ave. wkly. hours worked by production workers									
Manufacturing	41.0	41.0	0.0	39.2	39.1	0.3	42.5	42.2	0.7
Durable goods	42.0	41.4	1.4	41.0	40.6	1.0	43.1	43.0	0.2
Nondurable goods	39.5	40.2	-1.7	38.2	38.1	0.3	37.2	35.7	4.2
Industrial electric power sales index (1977 = 100)	142.9	145.4	-1.7	120.9	117.1	3.2	110.8	113.5	-2.4
Employment of Residents									
Employed, no. of persons (thous.)	170.2	170.3	-0.1	343.4	343.4	0.0	49.4	48.6	1.6
Unemployed									
No. of persons (thous.)	9.2	7.0	31.4	25.4	19.9	27.6	2.8	2.2	27.3
Rate (percentage of labor force)	5.1	3.9		6.9	5.5		5.3	4.4	
Civilian labor force, no. of persons (thous.)	179.4	177.3	1.2	368.8	363.3	1.5	52.2	50.8	2.8

NOTE: All 1990 data are preliminary and are subject to revision.
All data are average of monthly figures.

region's largest durable goods industry, primary metals, has added 300 jobs to payrolls. On the nondurables side, apparel jobs are off by an additional 700 jobs in 1990. For the goods producing sector as a whole, job levels remain at an all-time low. A 6.6 percent decline in electricity sales to industrial customers suggests that factory output in the region remains sluggish. This measure of production trends has been on the decline since the initial months of 1989.

The news is only slightly better on the service producing side. All told, jobs in these industries are up a fairly weak 1.5 percent in 1990, albeit to another record high. This represents the third consecutive year in which job growth has slowed. For the nonfarm sector as a whole, job growth comes in at a sluggish 0.4 percent. Over the 1983-1989 period, growth averaged 2 percent.

In light of these generally sluggish conditions, 1990's 1.2 percentage point jump in the jobless rate is not surprising. The 5.6 percent reading is the highest since 1986. Employment is actually down by 1,700 from a year ago, the first drop since 1983. However, the declines in employment which accompanied the previous bouts with recessions, in the early 1980s, were much more pronounced than during the early months of this recession in each of the three Pennsylvania counties in the region.

1991 is unlikely to bring with it much improvement in overall economic conditions in the metropolitan area. Goods producing activity is, once again, expected to be especially hard hit. Downward pressure on the average factory workweek, a leading indicator of hiring trends, suggests that manufacturing job levels are likely to erode further as the year unfolds. With weakness also expected on the construction and retail fronts, the metro area will be extremely lucky to even hold its own in 1991.

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	342.2	120	120	121
Unemployed, no. of residents	27.2	89	75	72
Rate, seasonally adjusted	7.5			
Civilian labor force, no. of residents	369.4	117	116	116
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	311.3	118	118	118
Srv. Prod. only, no. of jobs	226.5	138	138	136
Goods Prod. only, no. of jobs	84.8	86	86	87
Hrs. worked by production workers in mfg., *ave. weekly*	39.6	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	121	123	119
Lackawanna County[2]	***	134	134	132
Luzerne County[3]	***	115	117	107
Hazleton	***	103	106	97
Wilkes-Barre	***	124	126	116
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-[illegible])	Pct Change From Year-Ago Ytd		
Residential contracts only	282.7	−21		
Nonresidential contracts only	176.4	+24		

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

Scranton-Wilkes-Barre

The most widely followed measures of the economy's health, employment and unemployment trends, point to some deterioration in the economy of the Scranton-Wilkes-Barre metropolitan area in 1990. Employment in the region, at

	State College			Williamsport			York		
	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90	1990	1989	Percentage Change 89-90
Local Industries									
No. of wage and salary jobs (thous.)									
All nonfarm industries	60.3	58.8	2.6	52.4	51.8	1.2	180.7	180.0	0.4
Goods producing	11.7	11.5	1.7	18.2	18.6	−2.2	69.9	72.1	−3.1
Manufacturing	8.0	8.1	−1.2	15.5	16.2	−4.3	58.4	60.9	−4.1
Durable goods	5.9	6.0	−1.7	8.8	9.6	−8.3	35.2	37.7	−6.6
Nondurable goods	2.1	2.1	0.0	6.6	6.5	1.5	23.2	23.1	0.4
Service producing	48.6	47.3	2.7	34.1	33.2	2.7	110.8	107.9	2.7
Ave. wkly. hours worked by production workers									
Manufacturing	40.0	39.8	0.5	39.8	40.4	−1.5	41.5	41.9	−1.0
Durable goods	40.7	40.4	0.7	40.0	41.2	−2.9	41.8	42.3	−1.2
Nondurable goods	n.a.	n.a.		39.5	39.3	0.5	41.1	41.4	−0.7
Industrial electric power sales index (1977 = 100)	144.4	136.8	5.6	128.2	101.3	26.6	105.2	114.1	−7.8
Employment of Residents									
Employed, no. of persons (thous.)	63.8	62.8	1.6	57.4	56.7	1.2	212.8	213.9	−0.5
Unemployed									
No. of persons (thous.)	3.6	3.0	20.0	4.4	3.5	25.7	10.9	9.0	21.1
Rate (percentage of labor force)	5.3	4.6		7.1	5.9		4.9	4.0	
Civilian labor force, no. of persons (thous.)	67.4	65.9	2.3	61.8	60.2	2.7	223.7	222.9	0.4

NOTE: All 1990 data are preliminary and are subject to revision.
All data are average of monthly figures.

343,400, is unchanged from year-ago readings. This comes on the heels of seven consecutive years of growth. Similarly, several years of downward pressure on joblessness have come to an end as the unemployment rate, at 6.9 percent in 1990, is up from 5.5 percent a year ago. In Monroe County, one of the fastest growing counties in the State during the mid 1980s, fourth quarter employment readings are down 0.2 percent from the same period in 1989. At the same time, the County's jobless rate has surged by 3 percentage points to stand at 7.9 percent. This represents one of the largest jumps in the Commonwealth.

As is the case throughout Pennsylvania, much of the weakness is concentrated in the goods producing sector. Manufacturing job trends point down as payrolls have been reduced 1.7 percent in 1990. Both durable and nondurable goods industries have pared job totals. On the bright side, the average factory workweek is holding its own, which may help prop up job levels in coming months. Additionally, electricity sales to industry are up more than 3 percent for the year, suggesting that manufacturing output is holding firm. So, while job levels continue on a downward track, the situation in the region's factories does not appear to be hopeless.

Similarly, there are conflicting signals on the construction front. Contracts for residential construction projects are valued at $283 million, down one-fifth from 1989. At the same time, nonresidential valuations show a gain of one-fourth. Building-related job levels are up slightly.

While service producing industries continue to exhibit signs of growth, some softness is beginning to appear. For the year, jobs in these industries total 223,500 for a gain of 4,300. Job levels have risen practically nonstop since 1983 in establishing a new record every year.

However, growth in the region's two largest service producing industries, services and retail trade, is slowing. In 1990, growth in these two categories comes in at 2.5 and 1.8 percent, respectively. This follows a period covering 1983-1989 in which growth averaged 5.2 and 4.5 percent, respectively. Clearly, conditions appear to have cooled appreciably in 1990.

In sum, the region is certainly feeling the impacts of the national recession. At a minimum, growth has slowed across the board. Perhaps the most significant positive conclusion which can be drawn from 1990's trends is that, taken as a whole, the region appears to be turning in a performance which is probably at least on par with the State as a whole, although this is not all that impressive given the sluggish nature of the Commonwealth's economy. In that the national recession is expected to last at least through mid year, do not look for much improvement in regional economic conditions in the Scranton-Wilkes-Barre metro area as 1991 unfolds.

Williamsport Area[1]

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	57.2	122	122	121
Unemployed, no. of residents	4.8	106	93	86
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	62.0	120	119	118
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	53.0	114	113	113
Srv. Prod. only, no. of jobs	35.1	129	128	125
Goods Prod. only, no. of jobs	17.9	93	92	96
Hrs. worked by production workers in mfg., *ave. weekly*	40.3	103	103	104
Industrial electric power sales	***	130	130	116
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	19.4	−43		
Nonresidential contracts only	15.0	+60		

[1]Lycoming County

Williamsport

While overall economic growth appears to have retreated a bit in Lycoming County during 1990, trends suggest that the region is holding up fairly well, especially relative to the State as a whole. At 1.2 percent, nonfarm job growth compares quite favorably with the 0.4 percent gain turned in by the Commonwealth in 1990. The increase leaves establishment employment at its highest reading on record. However, 1990's gain is the weakest since 1983, at the height of the previous recession.

Much of the economy's strength is concentrated in the service producing sector. Within this broad sector, the services industry itself accounts for 500 additional jobs in 1990 while retail trade has expanded payrolls by 100 positions. These two industries have made significant contributions to overall economic growth in recent years. 1990's gain in service producing jobs works out to 2.7 percent. This increase is pretty much in line with the 2.8 percent advance averaged during the previous six years. Furthermore, it is quite impressive in that it is more than double the increase reported Statewide.

At the opposite end of the spectrum, at least in terms of recent job trends, is the factory sector. Here, the 4.3 percent job loss recorded in 1990 is more than twice as large as the State's 2 percent loss. This marks the third consecutive year in which factory job levels have receded. The manufacturing sector's weakness is concentrated in the durable goods industries. Unfortunately, a sizable drop in the average factory workweek suggests that a reversal of these trends is not likely in the months ahead. At the same time, sales of electricity to industrial customers come in more than one-fourth higher than 1989, a very impressive performance. On the construction front, the value of residential construction contract awards displays considerable decline while some strength is evident on the nonresidential side.

Trends on the employment/unemployment front are mixed. For the year, the number of residents officially listed as

employed is up by 700 to stand at a record high of 57,400. At the same time, the labor force is up by 1,600. The end result is a rise in the number of unemployed totaling 900. The 4,400 residents counted among the unemployed represents the highest reading since 1985.

Southwestern Quarter

Altoona

Economic indicators are sending mixed signals in Blair County. However, taken as a whole, the 1990 batch of data suggests that the Altoona metro area certainly feels the impact of the national recession. While economic growth has undoubtedly slowed in the region, it remains positive, albeit minimal. As for the outlook, the metro area is in store for some rough sledding in the months ahead. A prerequisite for a rebound in Blair County is a return to health on the part of the national economy, a scenario which is not expected until at least mid year.

Perhaps the most worrisome trends show up on the unemployment front. At 7.3 percent, 1990's jobless rate is nearly 2 percentage points higher than in the State as a whole. All told, the number of unemployed residents is up by more than one-fifth compared to 1989. At the same time, employment in the region continues to expand. In fact, the 1.4 percent increase in the number of residents counted as employed compares quite favorably with Statewide trends and leaves this measure of the economy's health at an all-time high. On the other hand, this represents a marked slowdown from the 2.5 percent gain averaged over the 1983-1989 period.

Based upon recent job trends, manufacturing remains a soft spot in the local economy. Job levels in these industries have been trending down for several years. 1990 brings with it an additional loss of 200 factory jobs in Blair County. Recent declines in the average factory workweek suggest that manufacturing hiring trends are likely to remain sluggish in the months ahead. Elsewhere in the goods producing sector, the construction industry looks to be holding its own. Job levels are essentially unchanged from a year ago while contract valuations are up on both the residential and nonresidential sides.

Altoona metro area service producers continue to add jobs to payrolls. 1990's 2.6 percent job gain is in line with historical averages. These industries are holding up quite well in the face of the national recession. The first half of 1990 brought with it 1,000 additional service producing jobs compared to a year ago. In the year's final six months, 1,100 jobs were added.

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'90	*4 Q.'90*	*3 Q.'90*	*4 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	56.4	109	108	107
Unemployed, no. of residents	4.9	128	114	110
Rate, seasonally adjusted	7.9			
Civilian labor force, no. of residents	61.3	110	108	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	53.5	104	102	102
Srv. Prod. only, no. of jobs	40.9	114	112	110
Goods Prod. only, no. of jobs	12.6	82	80	82
Hrs. worked by production workers in mfg., *ave. weekly*	38.7	102	104	105
Industrial electric power sales	***	78	80	76
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	21.2	+44		
Nonresidential contracts only	39.9	+31		

[1]Blair County

Johnstown

1990 certainly represents a pause in the economy of the Johnstown metropolitan area following an extended period of uneven economic growth. On the plus side, unlike the situation associated with the recessions of the early 1980s, the bottom does not appear to have fallen out of the regional economy. As this current recession unfolds, it is quite unlikely that conditions will deteriorate to the same degree as they did a decade ago. Still, economic conditions will remain stagnant for at least several more months in Cambria and Somerset Counties.

Though not especially impressive, nonfarm job trends are best described as moderate across the board. All told, total nonagricultural job levels are up 0.9 percent in 1990 — the weakest showing since 1985, but still a bit stronger than the State's 0.4 percent advance. Of special note is the factory sector where job levels are actually up 2.1 percent in 1990. Statewide, manufacturing jobs are down 2 percent. However, such a performance needs to be put in its proper perspective. At 14,700, factory job levels are off by nearly one-third from a decade ago, implying that little progress is being made in making up for all of the ground lost in previous years. Also, the average manufacturing workweek is trending down, suggesting that job trends are likely to be sluggish in the months ahead. On the construction side, activity is showing signs of weakness as the value of contracts awarded is down for both residential and nonresidential projects.

As for service producers, job levels in these establishments are up 1.2 percent in 1990, nearly identical to the State's 1.1 percent advance. However, this increase falls considerably short of the 2.1 percent gain averaged between 1983 and 1989. Nonetheless, job levels in these establishments continue to hover near record readings.

Since 1983, service producing job levels have grown by 7,700. Within this broad category, services accounts for 4,400 of these new positions while retail trade accounts for

Johnstown Area[1]

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	88.2	93	91	92
Unemployed, no. of residents	7.8	78	63	72
Rate, seasonally adjusted	8.3			
Civilian labor force, no. of residents	96.0	91	88	90
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	81.6	93	92	92
Srv. Prod. only, no. of jobs	61.5	112	111	111
Goods Prod. only, no. of jobs	20.1	60	61	60
Hrs. worked by production workers in mfg., *ave. weekly*	38.0	97	99	98
Industrial electric power sales	***	165	171	148
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	41.8	– 7		
Nonresidential contracts only	36.8	– 36		

[1]Cambria and Somerset Counties

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	941.7	108	107	108
Beaver County	54.3	63	63	64
Unemployed, no. of residents				
Pittsburgh[1]	49.8	83	64	76
Beaver County	4.6	74	62	67
Unemployment Rate, seas. adj.				
Pittsburgh[1]	5.2			
Beaver County	8.2			
Civilian labor force, no. of residents				
Pittsburgh[1]	991.4	106	104	105
Beaver County	58.9	64	63	64
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	921.1	105	104	104
Beaver County	50.1	65	65	65
Srv. Prod. only, no. of jobs				
Pittsburgh[1]	752.1	125	124	123
Beaver County	38.8	112	111	112
Goods Prod. only, no. of jobs				
Pittsburgh[1]	168.6	62	62	62
Beaver County	11.2	27	27	28
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	42.1	n.a.	n.a.	n.a.
Beaver County	42.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	63	66	62
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh[1]	521.6	– 5		
Beaver County	32.4	+28		
Nonresidential contracts only				
Pittsburgh[1]	618.3	– 27		
Beaver County	22.4	– 13		

[1]Allegheny, Fayette, Washington and Westmoreland Counties
[2]Beaver County

an additional 2,000. On the manufacturing side, 2,300 new jobs have been added to payrolls. Despite continued problems in the primary metals industry, durable goods establishments account for nearly all of these new factory jobs.

Despite improvement in the economy stretching back several years, unemployment remains a problem. The metro area's jobless rate, 7.8 percent in 1990, matches Beaver County's as the highest in the State's 15 metropolitan areas. At the same time, employment has apparently reached a plateau as it is unchanged from 1989 readings in totaling 88,600. This comes after six years of gains on the employment front.

Pittsburgh-Beaver Valley

Economic conditions in the Pittsburgh-Beaver Valley metropolitan area for 1990 show mixed results. Beaver County continues to struggle to remain afloat. At the same time, economic growth in the four-county Pittsburgh region is perhaps best described as moderate. As far as talk of a recession goes, it can be argued that Beaver County never really took part in the recovery following the recessions of the early 1980s. Hence, this region's current difficulties simply represent a continuation of a decade-long decline. The national recession has certainly reduced the overall rate of economic growth in the Pittsburgh portion of the metro area, but the region's economy does appear to be holding up fairly well.

The national economic slowdown is reflected in recent jobless trends in the region. Specifically, the number of residents counted among the unemployed is up by 7 percent. Also, the jobless rate turned up in 1990 in both the Beaver County and Pittsburgh portions of the metro area after six consecutive years of decline. Employment in Beaver County is off for the 13*th* time in 15 years while employment growth in the Pittsburgh area is only about one-half the rate of expansion over the 1983-1989 period. In each of the five counties making up the region, employment trends during the initial months of this national recession are considerably stronger than during the back-to-back recessions of the early 1980s.

Job gains in the service producing sector continue to shore up overall economic growth throughout the region. Indeed, in the Pittsburgh portion of the region, service producing job growth, at 2.3 percent in 1990, is double the Statewide advance. Beaver County's 1.1 percent gain matches the Commonwealth's. These gains are identical to long-term (1983-1990) averages. However, between 1983 and 1990, service producing job growth in the State (2.5 percent at an average annual rate) has exceeded job growth in the Pittsburgh metro area and Beaver County. Nationally, job growth has averaged an even stronger 3.5 percent over the past several years.

Trends on the retail sales front in 1990 are especially worrisome. Led by a sharp drop at auto dealerships, total retail sales are down 2.5 percent through the first 11 months of the year. This is before inflation is even factored out, implying an even larger decline in real terms. The region

clearly felt the (energy-induced) spike in the overall price level in the second half of the year. The consumer price index rose 4.4 percent during the first half of the year before climbing at a 5.9 percent clip during the final six months of the year.

Job trends on the goods producing side remain worrisome. In the Pittsburgh portion of the region, job levels are down for the 10*th* time in 11 years while readings are down for the 11*th* straight year in Beaver County. In both cases, durable goods manufacturing accounts for a considerable portion of the job loss. Unfortunately, trends in the average factory workweek (it is down in Beaver County and only holding steady in the Pittsburgh area), a leading indicator of manufacturing hiring trends, suggests that further weakness can be expected. On the plus side, electricity sales to industry, a fair measure of production trends, are up slightly.

Construction is also contributing to 1990's downtrend in goods producing jobs. Building-related jobs are off in both the Pittsburgh and Beaver County portions of the region. The value of construction contracts awarded is down in most cases. The lone exception is for residential projects in Beaver County. Residential permit authorizations are down, but all of the drop is accounted for by Allegheny County. Each of the remaining counties, including Beaver County, show some improvement over 1989 levels.

It is quite unlikely that economic conditions in 1991 will even match 1990's sub-par performance in the region. Trends in the first half of the year are expected to be especially worrisome and the much-anticipated mid year turnaround in the national economy is far from a given. It is important to keep in mind, however, that, especially in the Pittsburgh area, the current recession is not likely to subtract significantly from gains racked up in previous years.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'90	*4 Q.'90*	*3 Q.'90*	*4 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	64.3	152	150	150
Unemployed, no. of residents	4.0	142	129	132
Rate, seasonally adjusted	5.5			
Civilian labor force, no. of residents	68.3	151	149	148
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	61.9	142	141	139
Srv. Prod. only, no. of jobs	50.4	143	141	140
Goods Prod. only, no. of jobs	11.5	138	137	137
Hrs. worked by production workers in mfg., *ave. weekly*	39.1	n.a.	n.a.	n.a.
Industrial electric power sales	***	144	149	141
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	71.3	+ 8		
Nonresidential contracts only	75.2	– 19		

[1]Centre County

State College

1990 has not been a banner year for the Centre County economy. Growth is down considerably from previous years. At the same time, all indications are that the State College metro area continues to hold up well relative to much of the rest of the State, even in the face of the unfolding national recession. Such a conclusion is especially apparent with respect to recent nonfarm job trends. At 2.6 percent in 1990, job growth is considerably stronger in Centre County than in the State as a whole (0.4 percent). At the same time, this is down from the 4 percent gain averaged between 1983 and 1989.

Job gains are evident across both the goods and service producing sectors. On the goods producing side, slight gains in construction barely offset the first decline in manufacturing jobs since 1986. However, based upon trends in the value of contracts awarded, construction activity appears sluggish on both the residential and nonresidential fronts.

Service producing job levels continue to set new records on practically a monthly basis. Again, however, there are signs of considerable easing in the pace of the overall expansion. Still, 1990's 48,600 jobs in these establishments represent a gain of 1,300 for the year. The public sector accounts for nearly one-half of these new positions. The traditionally strong service and retail trade industries have added a combined 500 jobs to payrolls.

Several years of improvement on the unemployment front have apparently come to an end in the region. 1990's 5.3 percent jobless rate is the highest since 1987. The 0.7 percentage point increase over the 1989 reading is the first since 1983. Still, while the State as a whole struggles to hold employment levels steady, Centre County is home to a 1.6 percent advance for 1990. Unfortunately, this is the weakest gain in eight years.

Northwestern Quarter

Erie

Although Erie County is certainly feeling the impacts of the national recession, economic trends in 1990, taken as a whole, point to at least moderate growth in the metropolitan area. Certainly, the region is holding up much better than it did during the back-to-back recessions of the early 1980s. Indeed, during the initial stages of this downturn in the U.S. economy in the fourth quarter, employment growth in Erie County, at 1.6 percent, is 3.8 percentage points higher than the 2.2 percent annual decline averaged between 1980 and 1983. However, expectations for continued weakness in the national economy for at least the next several months will make it difficult for the region to turn in a repeat performance in 1991.

Perhaps the most worrisome trends are found on the unemployment front where joblessness is up 10.4 percent from 1989 readings. Statewide, the increase is nearly twice that amount. As a result, the jobless rate is up to 5.5 percent from 5.1 percent a year ago, only slightly higher than the State's 5.4 percent tally.

Construction indicators are mixed. Job levels are up slightly and the value of nonresidential contracts are up by one-fourth. Residential contract valuations are off by a nearly identical amount. For the goods producing sector as a whole, job levels in 1990 are up a strong 2.8 percent, the largest advance in any of the State's 15 metropolitan areas. The County's 40,600 jobs in these establishments is the highest total in nearly a decade, but it still falls well short of readings from the mid and late 1970s.

Even the often-maligned manufacturing sector is showing signs of life. The average factory workweek is up, as are electricity sales to industry, albeit by a minimal amount. On another front, total factory jobs are up 1.9 percent, a strong showing in light of the 2 percent decline in the State as a whole. 1990's gains are spread evenly across the durable and nondurable goods sectors.

On the service producing side, the 79,200 establishment jobs represent another record — the sixth consecutive year in which a new mark has been achieved. However, at 1.9 percent, job growth is down slightly from 1983-1989 averages. As is typically the case in a recession, the factory sector is likely to be especially hard-hit by the current national slump, at least relative to the services side. Hence, expectations are that service-type industries will have to carry the load in 1991 in terms of overall job growth.

Erie Area[1]

	Ave. mo. value 4 Q. '90	Average monthly index seas. adj. (1977 = 100) 4 Q. '90	3 Q. '90	4 Q. '89
Employment *(in thousands)*				
Employed, no. of residents	127.6	114	114	112
Unemployed, no. of residents	7.7	88	73	85
Rate, seasonally adjusted	5.8			
Civilian labor force, no. of residents	135.3	112	110	110
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	121.5	109	109	106
Srv. Prod. only, no. of jobs	80.7	124	124	122
Goods Prod. only, no. of jobs	40.8	88	88	85
Hrs. worked by production workers in mfg., *ave. weekly*	43.7	105	105	106
Industrial electric power sales	***	112	117	114
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	61.1	−24		
Nonresidential contracts only	56.1	+25		

[1]Erie County

Employment trends in the region are holding up fairly well. 1990's 1.6 percent gain is in line with gains from previous years. Furthermore, this pattern compares quite favorably with the slight decline in resident employment in the entire Commonwealth. Some weakness, however, is beginning to appear on the unemployment front. The jobless rate is up 0.9 percentage point in 1990 to 5.3 percent, its highest reading since 1987. In absolute terms, the number of unemployed residents is up by more than one-fourth over 1989 totals.

Sharon

1990 has resulted in another year of balanced growth in the Mercer County economy. Practically all indicators suggest that the economy continues to expand. Surprisingly, service producing job trends suggest that activity, at least in these establishments, picked up a bit in the second half of the year, despite the onset of recession in the national economy as a whole. Specifically, job growth averaged 1.4 percent during the first six months of the year prior to coming in at 2.8 percent during 1990's second half. All told, the 30,900 jobs in these industries represent a gain of 600 from a year ago to stand at a record high.

In absolute terms, the services and retail trade industry groups lead the way with 300 and 200 new jobs, respectively. Since 1983, approximately seven of every ten new jobs created in Mercer County's nonfarm establishments are of the service producing-type.

One of the main reasons that the region continues to turn in a fairly impressive showing is that the factory sector is holding up remarkably well, especially in light of rather sluggish trends throughout much of the rest of the State. While manufacturing jobs have been trending down of late in much of the Commonwealth, job levels in Mercer County have advanced in each of the past three years. Still, factory job totals are down nearly one-third from 1979, before the onset of the back-to-back recessions in the early 1980s, suggesting that the metro area is not problem-free.

Sharon Area[1]

	Ave. mo. value 4 Q. '90	Average monthly index seas. adj. (1977 = 100) 4 Q. '90	3 Q. '90	4 Q. '89
Employment *(in thousands)*				
Employed, no. of residents	49.9	104	103	101
Unemployed, no. of residents	2.8	70	60	63
Rate, seasonally adjusted	5.4			
Civilian labor force, no. of residents	52.7	101	99	98
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	45.1	99	98	96
Srv. Prod. only, no. of jobs	31.8	114	113	111
Goods Prod. only, no. of jobs	13.3	75	75	72
Hrs. worked by production workers in mfg., *ave. weekly*	43.1	n.a.	n.a.	n.a.
Industrial electric power sales	***	110	118	104
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	16.3	− 3		
Nonresidential contracts only	23.9	+38		

[1]Mercer County

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

There is no denying that the national economic slowdown has led to some soft spots in the four-county Harrisburg-Lebanon-Carlisle metropolitan region. Scattered weakness is evident in several trends which have transpired over the course of 1990. On the bright side, the region continues to hold down one of the top spots, relative to the rest of Pennsylvania, in terms of the economy's overall health.

Some of the weakness alluded to above is evident in recent employment and unemployment trends. The region's jobless rate, at 4.4 percent, inched upward (from 1989's 3.8 percent) for the first time since 1983. Still, it is the second lowest in all of the State's 15 metro areas, trailing only Lancaster County's. Though still positive, the region's employment growth rate in 1990, 1.4 percent, falls well short of the 3.3 percent average from the 1983-1989 period. On the bright side, during the early stages of this recession in the fourth quarter, employment growth is considerably stronger than in the previous recessions between 1980 and 1983.

Once again, for the seventh consecutive year, nonfarm job totals stand at a record high in the region. In fact, of the Commonwealth's 15 metropolitan areas, only State College has managed to surpass Harrisburg-Lebanon-Carlisle's 2.5 percent gain in 1990. Temporing this accomplishment is the fact that job growth appears to have eased a bit from years past.

Recent trends suggest that the region is not immune to the problems facing the factory sector. Durable goods producers appear to be especially hard hit as jobs are down 3.8 percent from 1989 totals. The region's largest durable goods industry, in terms of employment, machinery and electrical equipment, has slashed payrolls by 400 in the year just ended. Downward pressure on the average factory workweek suggests that job trends are likely to remain sluggish. A rather sharp 4.4 percent drop in electricity sales to industry indicates that production is perhaps being scaled back. On the construction front, the value of nonresidential contract awards is up by more than one-half from a year ago, offsetting a decline of nearly one-fifth for residential projects.

The news is much more encouraging on the service producing side where 7,800 jobs have been created in 1990. All told, there are 252,100 positions in these establishments. Between 1983 and 1989, job growth in the finance-related area averaged 6.3 percent. 1990 brings with it an improvement over that impressive showing. The 1,600 new jobs in this industry in 1990 works out to an 8 percent gain. In absolute terms, 1990's largest gain is in services, with 3,500 new jobs.

Economic growth is likely to slow further in 1991. While the regional economy was perhaps the strongest in the State in recent years, sluggishness in the national economy will place limits on the region's growth in coming months. Still, assuming that this recession unfolds as expected, the metropolitan area will surely land on its feet and have a running start when conditions begin to improve.

Lancaster

Throughout the 1980s, Lancaster County's economy expanded at a rate considerably stronger than in the State as a whole. Recent trends, however, suggest that the region is performing much more in line with Statewide averages. For instance, between 1983 and 1989, service producing job growth in the metro area averaged 4.2 percent, 1.4 percentage points higher than the State's 2.8 percent average. In 1990, growth in the region, at 2.1 percent, is only 1 percentage point higher than in the State. In fact, 7 of the State's 14 other metro areas curently maintain service producing job growth rates in excess of Lancaster County's.

On the goods producing side, jobs are down 2 percent, a drop which is slightly more pronounced than the State's 1.6 percent retrenchment. The factory sector comes in with a 3 percent job loss which translates into 1,800 jobs in absolute

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'90	*4 Q.'90*	*3 Q.'90*	*4 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	321.5	128	128	126
Unemployed, no. of residents	15.7	106	93	96
Rate, seasonally adjusted	4.7			
Civilian labor force, no. of residents	337.2	127	126	124
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	320.9	130	130	127
Srv. Prod. only, no. of jobs	254.6	140	140	136
Goods Prod. only, no. of jobs	66.2	102	102	102
Hrs. worked by production workers in mfg., *ave. weekly*	40.9	n.a.	n.a.	n.a.
Industrial electric power sales	***	84	78	77
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	224.3	−18		
Nonresidential contracts only	380.2	+58		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'90	*4 Q.'90*	*3 Q.'90*	*4 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	213.1	136	135	137
Unemployed, no. of residents	10.9	124	100	102
Rate, seasonally adjusted	4.5			
Civilian labor force, no. of residents	223.9	135	134	135
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	190.3	134	133	134
Srv. Prod. only, no. of jobs	121.3	155	153	153
Goods Prod. only, no. of jobs	69.0	108	109	112
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	99	101	102
Industrial electric power sales	***	142	145	142
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	194.3	−36		
Nonresidential contracts only	156.1	−27		

[1]Lancaster County

terms. The 57,300 manufacturing jobs represent the lowest total since 1983.

These differences in job trends between the service and goods producing sectors are expected to continue. The U.S. Bureau of Economic Analysis expects service producing jobs to grow at a 3.4 percent average annual clip over the next decade. Factory jobs, on the other hand, are expected to grow by an average rate of just 1.2 percent.

What strength there is on the goods producing job front is found in construction. Even here, however, 1990's 300 new jobs falls well short of the 1,000 new jobs averaged between 1983 and 1989. Furthermore, despite this job gain, construction contracts are valued significantly lower than in 1989. Residential valuations are off by more than one-third while nonresidential contracts are off by more than one-fourth in value.

While the region remains home to metropolitan Pennsylvania's lowest jobless rate, 4.2 percent, unemployment is on the rise. The 9,300 residents officially listed as without a job in 1990 represent a gain of 26 percent over 1989 totals. Joblessness has not been this high since 1985. On the employment front, seven years of improvement have come to an end as the number of residents counted among the employed is down by 1,100 from a year ago. The region's 0.5 percent decline is slightly stronger than the State's 0.2 percent drop.

Philadelphia

There are few, if any, signs of strength in the Phildelphia metro area economy. Indicators are down across the board — employment, construction, and retail trade. Much of the region's current slowdown is the result of the national recession. However, soft spots began to emerge in advance of the downturn in the national business cycle. One of the earliest indications of the economy's growing problems was the well-publicized budgetary situation in the City of Philadelphia.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q. '90	*4 Q. '90*	*3 Q. '90*	*4 Q. '89*
Employment *(in thousands)*				
Employed, no. of residents	2,313.7	122	122	123
Unemployed, no. of residents	123.4	74	61	58
Rate, seasonally adjusted	5.2			
Civilian labor force, no. of residents	2,437.2	118	117	117
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2,219.6	120	120	120
Srv. Prod. only, no. of jobs	1,763.2	133	132	131
Goods Prod. only, no. of jobs	455.6	89	89	91
Hrs. worked by production workers in mfg., *ave. weekly*	41.3	103	102	101
Industrial electric power sales	***	113	110	110
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	1,193.3	– 27		
Nonresidential contracts only	1,803.8	– 8		

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

1991 is not expected to provide much relief for the local economy. The most likely catalyst for a rebound in the regional economy is a reversal in the U.S. economy's recent performance. A best-case scenario has the national economy recovering around mid year. There is a good chance that the recession will be prolonged beyond that date. Expectations are for joblessness in the region to continue to rise. The area's service producing industries will likely struggle to offset continued job losses on the goods producing side. Construction and retail trade trends will remain unimpressive.

The region's service producers realized a minimal job gain of 0.9 percent in 1990. This represents the third straight year in which job growth has eased. Nonetheless, job levels in these establishments stand at a record high. Within this broad category, services and retail trade have accounted for the bulk of all new jobs in recent years. In each, trends deteriorated considerably in 1990. The services industry added jobs at a clip equal to only one-half the rate of growth averaged over the 1983-1989 period while the number of positions in retail trade is actually down from a year ago.

At 3.7 percent in the first 11 months of 1990, retail sales growth in the region is the slowest since 1987. On the durable goods side, building materials sales are especially sluggish as they are off 13 percent from a year ago. On the inflation front, the temporary uptick in oil prices in the second half of the year apparently has had an impact in the region. The consumer price index advanced at a 5.3 percent clip during the first half of the year before climbing 6.4 percent during 1990's final six months.

The region's factories continue having their fair share of difficulties. Manufacturing job levels are down another 2.7 percent with losses widespread across durable and nondurable goods industries. Job levels in these industries have been on a downwtrend for six consecutive years with little improvement expected in the months ahead. Trends in electricy sales to industry suggest that factory production, at best, is holding steady.

The construction industry also appears beset by problems. Building-related job levels are off by 2,000 in 1990. Construction contract awards are down in value for both residential and nonresidential projects. All told, 30 percent fewer new housing units have been authorized by permit in the Pennsylvania portion of the region. Permit activity is down by at least 25 percent in each of the four suburban counties in the region. On the nonresidential side, 6 percent fewer projects have been authorized by permit.

Weakness is also apparent in recent labor force trends. Employment is down by 18,000 for the year and the number of unemployed is up by more than 20,000 according to preliminary estimates. Although, at 4.7 percent, still quite low, the area's jobless rate is up nearly one full percentage point from a year ago. More of the same is expected in the months ahead.

Reading Area[1]

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	170.6	124	124	125
Unemployed, no. of residents	9.7	119	102	94
Rate, seasonally adjusted	5.7			
Civilian labor force, no. of residents	180.3	124	122	123
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	158.7	119	118	119
Srv. Prod. only, no. of jobs	104.8	136	134	132
Goods Prod. only, no. of jobs	53.9	96	97	100
Hrs. worked by production workers in mfg., *ave. weekly*	41.1	104	105	104
Industrial electric power sales	***	142	142	141
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	114.0	−28		
Nonresidential contracts only	108.8	−55		

[1]Berks County

Reading

The Berks County economy is struggling. While the overall economy is clearly not in a downward spiral, a number of trends point to some developing softness. One such trend concerns joblessness. At 9,200, the number of residents counted as unemployed in 1990 is up nearly one-third from a year ago. This is the largest gain among the State's 15 metropolitan areas. All told, the jobless rate comes in at 5.1 percent, up from a 3.9 percent reading a year ago. On the employment front, the number of residents listed as employed is essentially unchanged from a year ago. However, during the initial stages of this current recession during the fourth quarter of 1990, employment is down 0.4 percent from a year ago. This does not match up favorably with the 0.2 percent decline averaged during the previous recessionary period between 1980 and 1983.

News on the nonfarm jobs front, a second measure of overall employment trends, is a bit more encouraging. In rising 1 percent, to 156,400, job levels currently stand at another record high. While this represents a gain which compares well with the 0.4 percent advance for the State as a whole, it falls well short of the 2.2 percent gain averaged between 1983 and 1989.

The U.S. Bureau of Economic Analysis forecasts that Berks County nonfarm job levels will rise to 193,500 by the turn of the century. If this forecast is on the mark, this represents an average annual gain of 2.2 percent, identical to trends prior to the onset of the current national recession. This falls considerably below the 3 percent gain expected for the nation as a whole.

As is the case throughout the State, job trends in the region's factories are especially weak. In Berks County, manufacturing jobs are off 3.9 percent from a year ago, nearly double the decline in the Commonwealth as a whole. The region's largest manufacturing employer, electronic equipment, has cut payrolls by 700 workers in the past year. Job trends are more encouraging in the construction industry. Still, the value of construction contracts awarded is down.

While recent trends in the factory sector have been among the weakest in the State, just the opposite is true on the service producing side. In fact, the 3.1 percent increase in these jobs is the second highest gain in the Commonwealth's 15 metro areas, trailing only neighboring Harrisburg-Lebanon-Carlisle. With 102,200 jobs in these establishments, 1990 marks the eighth consecutive year of record service producing job levels. These industries are likely to continue generating practically all new jobs in the regional economy as the factory sector's sluggishness is expected to continue.

York

There are definite signs of some weakening in the economy of the bi-county York metropolitan area. However, as is the case throughout much of the State, what strength there is in the economy is found in the service producing sector. The region's 2.7 percent gain in service-related jobs in 1990 is more than double the Commonwealth's gain. In recent years, the retail trade and services industries have accounted for the bulk of all new jobs in the region. During 1990, they account for a combined 2,900 new positions. This is nearly identical the the increase averaged over the 1983-1989 period.

Conditions on the goods producing side are considerably worse. For the year, 2,200 jobs have been lost. Over the 1983-1989 period, goods producing job levels increased by about 1,600 per year. Factory production is likely trending slightly down in light of the 7.8 percent decline in electricity sales to industry. Manufacturing job trends are equally worrisome. This is especially true on the durable goods side where jobs are off 6.6 percent from a year ago. Furthermore, recent declines in the average factory workweek suggest that a turnaround in factory job trends is not in the offing.

On the construction front, indicators appear mixed. Job levels are up by 400 for the year to go along with a 43 percent increase in nonresidential contract valuations. However,

York Area[1]

	Ave. mo. value 4 Q.'90	Average monthly index seas. adj. (1977 = 100) 4 Q.'90	3 Q.'90	4 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	211.0	136	136	138
Unemployed, no. of residents	11.5	116	103	98
Rate, seasonally adjusted	5.2			
Civilian labor force, no. of residents	222.5	135	134	135
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	181.4	127	127	127
Srv. Prod. only, no. of jobs	112.5	147	145	144
Goods Prod. only, no. of jobs	69.0	104	106	108
Hrs. worked by production workers in mfg., *ave. weekly*	42.0	101	101	102
Industrial electric power sales	***	105	106	106
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan.-Dec.)	Pct Change From Year-Ago Ytd		
Residential contracts only	204.6	−16		
Nonresidential contracts only	151.7	+43		

[1]Adams and York Counties

at nearly $205 million, residential contract awards are down 16 percent from 1989. In Adams County, the number of permits issued for new projects is off on both the residential and nonresidential sides.

The softening in the economy during 1990 is especially evident in labor force developments. Employment is down a bit from 1989 readings, the first time this has happened since 1983. Recent employment trends are no better than they were during the back-to-back recessions in the early 1980s. At 4.9 percent, the region's jobless rate is up 0.9 percent from a year ago. On the positive side, this compares quite favorably with the State's 5.4 percent reading. In absolute terms, 1,900 more residents are counted among the unemployed relative to a year ago.

The soft spots which began to show up in the economy during 1990 are likely to become even more pronounced as 1991 unfolds. Joblessness will continue to rise with some additional slight downward pressure on employment quite likely. Trends in the goods producing industries are expected to be especially worrisome. Conditions during the first half of the year are likely to be especially weak. Improvement in the second half is dependent upon a reversal in the U.S. economy's fortunes.

— *William D. Anderson*

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